

# AUSTRALIAN TAX REVIEW

Volume 53, Number 1

2024

EDITORIAL – *General Editors: Kerrie Sadiq and Dale Pinto*  
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## ARTICLES

**Tax Accounting for the Renewable Energy (Electricity) Act 2000: A Tax by Any Other Name Would Smell as Sweet** – *Alexander Robert Fullarton and Brett Kenneth Davies*

Australia has committed to reducing greenhouse gas emissions, and part of that commitment is the enactment of the *Renewable Energy (Electricity) Act 2000* (Cth) (*the REE Act*). This article focuses on the Australian Renewable Energy Target and how the *REE Act* impacts on the electrical generation industry to dilute greenhouse gas emissions. The research examines the market of trading “carbon credits” produced under the provisions of *the REE Act*, which are known as Renewable Energy Credits (RECs), and views this as a taxation and subsidisation system. It aims to develop a clear understanding of the operations of *the REE Act*: how the REC system interacts with Australia’s two other main taxes – Income Tax and Goods and Services Tax; and how the trade in RECs may be treated in the accounts of the respective trading entities – the liable parties and the renewable energy electricity generators. .... 5

**Australia’s Petroleum Resource Rent Tax and the UK’s Petroleum Revenue Tax: Sustainability and Tax Revenue Issues** – *Diane Kraal and Juan Carlos Boué*

Existing petroleum taxation regimes in Australia and the United Kingdom (UK) could be a source of funds to the United Nation’s “loss and damage fund” for impacts on developing countries from climate change and future sustainability. Commencing with the polluter pays principle, Australia’s petroleum resource rent tax (PRRT) is overviewed. Statistics indicate low levels of PRRT collections in comparison high royalty collections from petroleum in jurisdictions such as Qatar. The UK’s petroleum revenue tax (PRT) is overviewed including its characteristic principle, maximisation of production. The UK’s PRT seems not unlike a vehicle for subsidisation. The UK’s PRT has passed the point of capability to contribute funds to mitigate the environmental impacts from gas. Discussed are the levels of significantly high carbon emissions from the gas industry in both Australia and the United Kingdom. Military conflicts are disrupters to transition to a sustainable path toward lower emissions. .... 21

**Assessing the Effectiveness of the Fringe Benefit Tax Exemption in Increasing the Uptake of Electric Vehicles** – *Anna Mortimore*

The Australian Government introduced amendments under the *Treasury Laws Amendment (Electric Car Discount) Bill 2022* (Cth), exempting from fringe benefits tax (FBT) for all zero or low-emission vehicles (that do not exceed the Luxury Car Tax Threshold for fuel-efficient vehicles over the four years (1 July 2022–30 June 2026) at a projected cost of \$205 million to the public sector. The Australian Government is relying on this policy reform to encourage a greater uptake of electric vehicles (EVs) and contribute to its emission

reduction target. The article will examine the effectiveness of the EV FBT amendments in meeting the government’s objectives and whether it is both fair and equitable to all eligible employees and not disproportionately beneficial to higher-income earners. The article finds that behavioural economic considerations are critical when reforming blunt policy instruments to influence behaviour, which means understanding the factors that influence future buyers of EVs. .... 35

**A Preliminary Analysis of Australian Income Tax Measures Relating to Environmental Protection** – *Natalie P Stoianoff, Michael Walpole and Binh Tran-Nam*

A neglected aspect of Australia’s climate change policy is the role of income tax measures in protecting the environment and reducing greenhouse gas emissions. Tax expenditures are used by governments to intervene in markets and influence the behaviour of particular taxpayers/industries. But they are difficult to identify and less transparent than program spending as they have no annual appropriation requirement. Target groups of tax concessions are less clearly defined, there is little government control over the costs of the expenditure, and they are not regularly reviewed. This article seeks to develop an evaluation framework for tax expenditures. Its principal aim is two-fold. First, it identifies some suitable income tax measures relating to environmental protection in Australia. Second, it conducts a preliminary analysis of these income tax measures and presents an overview of the theoretical considerations involved in their evaluation. Given the limitations of space, the evaluation presented here is synoptic. .... 55